

A.D. 3.2, Handling of Funds

Prepared for signature 1/29/02 - effective 2/8/02

1. Policy. The Department of Correction shall ensure that all monies collected are appropriately documented, secured and/or disbursed.
2. Authority and Reference.
  - A. Connecticut General Statutes, Sections 2-90, 33-33a, 4-32, 4-33, 4-35, 4-55, 4-57, 4-57a, 18-81, 18-85 and 54-53.
  - B. State of Connecticut, Office of State Comptroller, Accounting Division, State Accounting Manual.
  - C. State of Connecticut, Office of State Comptroller, Policy Services Division, Accounting Procedures Manual, Activity and Welfare Funds, September 1998.
  - D. American Correctional Association, Standards for Adult Probation and Parole Agencies, Second Edition, March 1981, Standards 2-3082 and 2-3083.
  - E. American Correctional Association, Standards for Adult Correctional Institutions, Third Edition, January 1990, Standards 3-4025 through 3-4027, 3-4031, 3-4032 and 3-4033 through 3-4036.
  - F. American Correctional Association, Standards for Adult Local Detention Facilities, Third Edition, March 1991, Standards 3-ALDF-1B-02, 3-ALDF-1B-04 and 3-ALDF-1B-06 through 3-ALDF-1B-09.
  - G. American Correctional Association, Standards for the Administration of Correctional Agencies, Second Edition, April 1993, Standards 2-CO-1B-05 through 2-CO-1B-08.
  - H. Administrative Directives 3.7, Inmate Monies and 6.10, Inmate Property.
3. Definitions. For the purposes stated herein, the following definitions apply:
  - A. Custodian. An individual responsible for the security and maintenance of cash funds.
  - B. Disbursements. Any authorized funds paid out of an account.
  - C. Imprest Petty Cash. An advance or loan of government funds for service to the government.
  - D. Petty Cash. A segregation and an advance of money from a fund for goods and/or services.
  - E. Receipt. A written acknowledgment that a sum of money has been received.
  - F. Receipts Journal. A form used to create a permanent record of all receipts.
4. Secure Maintenance of Funds. Funds shall be maintained in a 2-key or combination safe at all times. The lock combination shall be in the custody of not less than two (2) persons designated by the Director of Fiscal Services and the Unit Administrator. The keys or combination shall be changed following the reassignment of an individual with the combination. An inmate shall not be allowed to possess agency funds or records of agency funds. The contents of the safe shall be audited as necessary to maintain security.
5. Receipt of Funds. Receipts shall be issued for cash, money orders, and other negotiable instruments. The custodian shall be responsible for

the security and maintenance of funds. Cash funds shall be controlled as follows:

- A. A designated employee(s) other than the cash custodian shall receive cash funds. The amount of cash received shall be verified by the receiver.
  - B. Central Office Funds:
    - 1. Funds received for the Department or the State Treasurer shall be recorded on form CO-99 "Official Receipt" form which is sequentially numbered, Attachment A. All receipts shall be signed by the staff member issuing the receipt. All used and voided receipts shall be accounted for in the receipt book.
    - 2. All funds and accompanying receipts shall be placed in an envelope and forwarded to the proper location for deposit or placed in safe.
  - C. Inmate funds shall be handled in accordance with Administrative Directives 3.7, Inmate Monies and 6.10, Inmate Property.
  - D. All monies and approved monetary remittances received shall be recorded in the appropriate Receipt Journal, Attachment B.
6. Funds Deposit. All cash must be deposited within 24 hours after receipt unless otherwise authorized by the State Treasurer, or the total amount is less than \$500. The deposit shall be made by a designated employee other than the custodian of the fund. Total daily receipts of less than \$500 may be held until the total receipts to date amount to \$500, but not for a period of more than seven (7) calendar days. The receipts are to be deposited in depositories approved by the State Comptroller and the State Treasurer consistent with Section 4-33 of the Connecticut General Statutes.
- A. An endorsement is required on all checks being deposited. The endorsement may be applied with a rubber stamp which has met State Treasurer specifications.
  - B. A Bank Deposit Ticket shall accompany all funds to be deposited.
  - C. Deposits must be reconciled to the receipts journal.
  - D. The validated copy of the Bank Deposit Ticket shall be retained for each deposit made. If the deposit is for the General Fund, the deposit ticket shall be submitted with the State Deposit Slip CO 39, Attachment C in accordance with procedures established by the State Treasurer.
  - E. The Bank Statement for monthly transactions must be reconciled promptly by a person other than the custodian.
7. Petty Cash. All Units within the department shall operate their petty cash fund based on the following criteria:
- A. Petty Cash funds shall be used to facilitate the purchases of small but necessary operating items, not to exceed \$50.00, except for emergencies or specific exceptions granted by the State Comptroller; e.g. gate money, cash advances for travel. Petty Cash shall not be used for any items that can be paid in the usual manner.
  - B. All petty cash funds shall be operated as Imprest Petty Cash

- Funds. Fiscal Services shall account for this advance at all times.
- C. The Petty Cash custodian shall maintain records of fund activity as required by the Office of the Comptroller.
  - D. A reconciliation of Petty Cash funds shall be performed each month, and the Petty Cash custodians shall submit a monthly status report, in accordance with the Comptroller's requirements, to the Director of Fiscal Services by the 10th of the following month.
8. Disbursement of Funds. Fiscal Services shall control and document all disbursement of funds.
  9. Signature Control on Checks. The Director of Fiscal Services shall authorize two (2) or more employees in Fiscal Services to sign Petty Cash checks. The signatures shall be recorded with the Bank recording service. Each check shall bear two (2) signatures.
  10. Loss of Funds. Any unexplainable shortage in any cash funds shall be reported to the Unit Administrator and the Director of Fiscal Services immediately. If a loss results, the Connecticut State Police shall also be notified. Report of Loss or Damage to Real and Personal Property, Form CO-853, Attachment D, shall be completed within 48 hours of discovery and forwarded to the Office of the State Comptroller and to the Auditors of Public Accounts.
  11. Misuse of State Funds. Any Administrator or Manager shall, upon detection, notify the Commissioner of Correction, Director of Fiscal Services, Auditors of Public Accounts, and the Office of the Comptroller of any unauthorized, illegal, irregular, or unsafe handling or expenditure of State funds or breakdowns in the safekeeping of any other resources of the State or contemplated action to do the same within their knowledge. Form CO 853, Attachment D, shall be used for this purpose. Any employee who suspects unauthorized, illegal, irregular or unsafe handling or expenditure of State funds shall report that fact to a supervisor or other person not involved in the transaction to determine if such activity has occurred.
  12. Reports. Fiscal Services shall generate periodic statements of all fiduciary and agency-operated funds activity as required by the Office of the Comptroller, or more frequently as determined by the Director of Fiscal Services.
  13. Standards Review and Technical Assistance. The Director of Fiscal Services shall be responsible for standards review. A review of the following shall be conducted according to a schedule determined by the Director of Fiscal Services:
    - A. Compliance with rules and regulations of procurement of goods and services issued by the Department of Administrative Services.
    - B. Compliance with rules and regulations for fund control issued by the Office of the Comptroller and the Department Administrative Directives.
    - C. Compliance with rules and regulations for Real Estate and Personal Property Inventory.

14. Audit. The Auditors of Public Accounts are empowered to audit the books and accounts of the Department of Correction. Each Unit Administrator shall offer total cooperation to the Auditors and provide all documentation required. A draft audit report(s) may be provided to the Commissioner of Correction and the Director of Fiscal Services by the auditors. Corrective actions and measures shall be submitted in writing to the Director of Fiscal Services no later than 15 business days following the receipt of the draft audit. The corrective actions shall be examined by the Director of Fiscal Services for completeness and relevance. Once approved, a response shall be prepared by the Fiscal Services Unit for the Commissioner. A copy of the formal audit report provided to the Commissioner by the Auditors of Public accounts shall be forwarded to the respective managers, who shall implement all necessary corrective actions.
15. Exceptions. Any exception to the procedures in this Administrative Directive shall require prior written approval from the Commissioner.